

ASSEMBLY BILL

No. 81

Introduced by Assembly Member Wyland

January 6, 2003

An act to amend Section 791.12 of the Insurance Code, relating to underwriting.

LEGISLATIVE COUNSEL'S DIGEST

AB 81, as introduced, Wyland. Insurance: underwriting: information.

Existing law prohibits an insurance institution or agent from reaching specified adverse underwriting decisions, including denial or cancellation of insurance coverage, based on personal information received from an insurance-support organization whose primary source of information is insurance institutions, except that an insurance institution may reach an adverse underwriting decision based on further personal information obtained as the result of information received from an insurance-support organization.

This bill would prohibit an insurance institution from reaching an adverse underwriting decision based on the fact that an individual has previously inquired about the scope or nature of coverage under a residential fire or property insurance policy, if that information is received from an insurance-support organization whose primary source of information is insurance institutions, and if the inquiry did not result in the filing of a claim.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 791.12 of the Insurance Code is amended to read:

791.12. No insurance institution or agent may base an adverse underwriting decision in whole or in part:

(a) On the fact of a previous adverse underwriting decision or on the fact that an individual previously obtained insurance coverage through a residual market mechanism; provided, however, an insurance institution or agent may base an adverse underwriting decision on further information obtained from an insurance institution or agent responsible for a previous adverse underwriting decision. ~~Such—The~~ further information, when requested, shall create a conclusive presumption that ~~such the~~ information is necessary to perform the requesting insurer's function in connection with an insurance transaction involving the individual and, when reasonably available, shall be furnished the requesting insurer and the individual, if applicable.

(b) On personal information received from an insurance-support organization whose primary source of information is insurance institutions; provided, however, an insurance institution or agent may base an adverse underwriting decision on further personal information obtained as the result of information received from ~~such an~~ insurance-support organization.

(c) *On the fact that an individual has previously inquired about the scope or nature of coverage under a residential fire or property insurance policy, if that information is received from an insurance-support organization whose primary source of information is insurance institutions, and if the inquiry did not result in the filing of a claim.*